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Sharon B. Megdal, Ph.D.

Tucson, Arizona

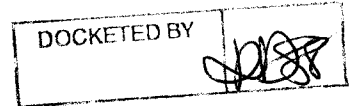
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Arizona Corporation Commission

DOCKETED

FEB 23 2012

AZ CORP COMMISSION  
February 18, 2012 CONTROL



Mr. Steve Olea  
Director, Utilities Division  
Arizona Corporation Commission  
Phoenix, Arizona

Sent via email only: solea@azcc.gov

Re: Vail Water Company planning for utilization of Central Arizona Project Water

Dear Mr. Olea:

I am writing to offer my personal comment regarding the situation Vail Water Company finds itself in relative to the requirements of ACC Decision No. 62450, signed on April 14, 2000. As I understand it, the Order requires Vail Water Company to submit final plans to the Commission no later than December 31, 2010 in preparation of direct utilization of CAP water in its service territory by December 31, 2015. The order states that no time extensions will be allowed for any reason. It further states that if there is a compliance problem with these time frames, all monies in certain accounts shall be refunded in a manner to be determined by the Commission.

I am also aware of letters written by representatives of the City of Tucson regarding progress made regarding a wheeling arrangement for delivery of CAP water to Vail Water Company's service area. Specifically, I have reviewed a letter dated August 26, 2011 on the subject of "Wheeling Water to Vail Water Company," signed by Mr. Andrew Quigley, then serving as Interim Director. I have also reviewed a letter dated November 8, 2011 on the subject "Wheeling CAP Water to Vail Water Company - Next Steps," signed by Sandy Elder, Tucson Water Interim Director. I have also had a conversation with Mr. Kip Volpe of Vail Water Company regarding the status of their planning.

As a member of the Arizona water community, I serve as Director of the University of Arizona Water Resources Research Center (since July 2004) and as an elected member of the board of the Central Arizona Water Conservation District, which operates the Central Arizona Project (since January 2009). My professional work has focused on state and regional water resources management and policy for over 20 years. I am very familiar with how water users and water providers in the Tucson region have worked diligently to incorporate CAP water supplies into the region's water supply. I understand the complexities and challenges associated with implementing direct use of CAP water, especially for water users that are not in close proximity of the CAP canal.

As a former member of the Commission, I have great respect for the provisions of a final order. I also believe it is of utmost importance for water providers to utilize their CAP allocations in a hydrologically sound manner. The arrangement whereby Tucson Water would wheel CAP water that has been stored and recovered to the service area of Vail Water Company is very much like

that just implemented by Oro Valley Water Utility, a municipally-operated water utility. I had the pleasure of speaking at the dedication event for the Oro Valley project on February 10, 2012. This partnership/wheeling project between Oro Valley and Tucson Water is a first in our region – a prototype to set the framework for a Vail Water Company-Tucson Water agreement. I urge the Arizona Corporation Commission to grant an extension to the deadline for submitting plans for utilization of Vail Water Company's CAP allocation. This will allow Vail Water Company to utilize its CAP water in a manner consistent with the water management goals of the Tucson Active Management Area, as specified in Arizona Revised Statutes, and the CAP water utilization intent of ACC Decision No. 62450.

I ask that you please place this letter in the docket for the current proceeding.

Respectfully submitted,

A handwritten signature in cursive script, reading "Sharon B Megdal". The signature is written in dark ink and is positioned below the typed name.

Sharon B. Megdal, Ph.D.